

## Message Text

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ACTION AID-31

INFO OCT-01 ADP-00 EA-04 IGA-02 EB-05 INR-10 L-03 SS-07

PM-03 CIAE-00 DODE-00 /066 W

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R 210623 Z APR 73

FM AMEMBASSY VIENTIANE

TO SECSTATE WASHDC 3724

C O N F I D E N T I A L VIENTIANE 3083

AIDAC

E. O. 11652: GDS

SUBJECT: DAB MEETING APRIL 19

REFERENCES: A. STATE 67500 ; B. VIENTIANE 2505

BEGIN SUMMARY: DAB MET APRIL 19 TO CONSIDER NEEDED CHANGES IN FEOF AGREEMENTS IN CONNECTION WITH ACCESSION OF AUSTRALIA AND JAPAN. AGREED ON REVISIONS IN TEXT OF MEMORANDUM OF UNDERSTANDING AND PROCEDURE FOR AMENDING CONFIDENTIAL LETTERS EXCHANGED MARCH 20, 1973. END SUMMARY.

1. DAB MET APRIL 19 TO CONSIDER NEEDED CHANGES IN FEOF AGREEMENTS IN CONNECTION WITH IMPENDING ACCESSION OF AUSTRALIA AND JAPAN. ALL OTHER DONORS INDICATED THAT THEY HAVE RECEIVED APPROXAL OF THEIR GOVERNMENTS TO REVISED TEXT OF PARA V. B. OF CONFIDENTIAL LETTER PROPOSED BY JAPANESE GOVERNMENT ( REF B PARA 1). ACCORDINGLY BELIEVE IT WOULD BE INADVISABLE AT THIS POINT TO PROPOSE FURTHER REVISION OF PARA V. B. AS SUGGESTED IN REF A PARA 2 WHICH WOULD RESULT IN FURTHER CONSIDERABLE DELAY IN AUSTRALIAN AND JAPANESE ACCESSION. WHILE LANGUAGE SUGGESTED REF A MAY SPELL OUT MEANING OF SECOND PART OF NEW PARA V. B. MORE PRECISELY BELIEVE LANGUAGE PROPOSED BY JAPANESE GOVERNMENT ADEQUATELY COVERS THE SAME POINT AND WOULD NOT GIVE RISE TO MISUNDERSTANDING. PLEASE BEAR IN MIND ALSO THAT RLG LETTER TO DONORS WILL CLEARLY LIMIT ACCESS TO FEOF FOR OFFICIAL DEBT SERVICE PAYMENTS TO AMOUNT OF RLG CONTRIBUTION TO FEOF.

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2. RE PROCEUDRE FOR ENACTING JAPANESE MODIFICATION, CONCUR WITH YOUR RECOMMEDNATION ( REF A PARA 3) THAT THIS SHOULD BE DONE BY EXCHANGE OF LETTERS BETWEEN U. S., U. J., FRANCE AND RLG AMENDING THEIR CONFIDENTIAL LETTERS OF MARCH 20, 1973. ACCORDINGLY, WE DISTRIBUTED AT THE MEETING PROPOSED TEXT OF SUCH A LETTER FOR CONSIDERATION BY OTHER DONORS. LETER INCLUDES FOLLOWING MODIFICATIONS:

A. NEW PARA V. B. AS REPORTED REF B PARA 1.

B. REVISION OF PARA VIII.?.1. TO INCLUDE CEILINGS ON FEOF DRAWINGS OF \$19.9 MILLION BY SEPTEMBER 30 AND \$26.7 MILLION BY DECEMBER 31, 1973.

C. REVISION OF FIRST SENTENCE OF PARA XI. A. TO INCLUDE AUSTRALIA AND JAPAN AND REVISED FIGURE OF 21,889,000 U. S. DOLLARS.

D. REVISION OF PARA XV. TO INCLUDE APPROPRIATE REFERENCES TO AUSTRALIA AND JAPAN.

3. NEW MEMORANDUM OF UNDERSTANDING. ASIDE FROM ADDITIONS OF AUSTRALIA AND JAPAN IN PARAS I. A. AND 13. B. CHANGES WERE MADE IN PREAMBLE IN ORDER TO MAKE REFERENCE TO DOCUMENTS SIGNED MARCH 20, AND IN PARA I. D. TO REFLECT THE FACT THAT FRANCE, NYLG AND U. S. WILL HAVE ALREADY CONTRIBUTED 40 PERCENT OF THEIR RESPECTIVE SUBSCRIPTIONS AT TIME OF SIGNING OF NEW MEMORANDUM OF UNDERSTANDING. REVISED TEXTS TO READ AS FOLLOWS:

A. PREAMBLE, QUOTE TAKING ACCOUNT OF THE MEMORANDUM OF UNDERSTANDING OF MARCH 20, 1973 BETWEEN THE GOVERNMENTS OF FRANCE, LAOS, THE UNITED KINGDOM AND THE UNITED STATES OF AMERICA AND THE UNDERSTANDINGS CONTAINED IN THE EXCHANGES OF LETTERS OF THE SAME FATE BETWEEN THE ROYAL LAO GOVERNMENT AND THE GOVERNMENTS OF FRANCE, THE UNITED KINGDOM AND THE UNITED STATES OF AMERICA AND THE CONFIDENTIAL LETTERS ANNEXED THERETO, AND IVEW OF THE UNDERSTANDINGS CONTAINED IN THE EXCHANGE OF YDTTERS OF THIS DATE BETWEEN THE ROYAL LAO GOVERNMENT AND THE GOVERNMENTS OF AUSTRALIA AND JAPAN AND THE CONFIDENTIAL LETTERS ANNEXED THERETO, THE  
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REPRESENTATIVES OF THE GOVERNMENTS OF AUSTRALIA, FRANCE,

JAPAN, LAOS, THE UNITED KINGDOM AND THE UNITED STATES OF AMERICA ( HEREINAFTER REFERRED TO AS THE CONTRIBUTING GOVERNMENTS) UNDERSTAND THEY WILL EACH ACT IN ACCORDANCE WITH THE FOLLOWING POLICIES IN CONNECTION WITH THE ESTABLISHMENT AND OPERATION OF THE FOREIGN EXCHANGE OPERATIONS FUND FOR LAOS ( HEREINAFTER REFERRED TO AS THE FUND), WHICH WILL BE CONSTITUTED BY THEIR INDIVIDUAL CONTRIBUTIONS IN CONNECTION WITH TQU FINANCIAL MEASURES ADOPTED BY THE ROYAL LAO GOVERNMENT FOR STABILIZING THE ECONOMY. END QUOTE.

B. PARA 1. D. FIRST SENTENCE, QUOTE TAKING INTO ACCOUNT THAT THE CONTRIBUTING GOVERNMENTS WHICH SIGNED THE MEMORANDUM OF UNDERSTANDING OF MARCH 20, 1973 HAVE DEPOSITED WITH THE FUND 40 PERCENT OF THEIR RESPECTIVE SUBSCRIPTIONS, THE GOVERNMENTS OF AUSTRALIA AND JAPAN WILL DEPOSIT WITH THE FUND NO LATER THAN FIFTEEN DAYS FROM THE DATE OF SIGNATURE OF THIS UNDERSTANDING INSTALLMENTS EQUAL TO NO LESS THAN 40 PERCENT OF THEIR RESPECTIVE SUBSCRIPTIONS. END QUOTE.

4. RLG REPRESENTATIVE SOUVANTHONG INFORMED OTHER DONORS THAT MINISTER SISOUK HAD SENT LETTER TO BNL GOVERNOR INSTRUCTING HIM TO DEPOSIT 40 PERCENT OF RLG CONTRIBUTION TO FEOF ACCOUNT, AND HAD WRITTEN LETTER TO DONORS ADVISING THEM THAT RLG DRAWINGS ON FEFO FOR DEBT SERVICE PAYMENTS IN CY 1973 WILL NOT EXCEED SIZE OF RLG CONTRIBUTION. LETTER NOT YET RECEIVED.

5. JAPANESE REP HARASHIMA ADVISED GROUP THAT HE WILL SEND REVISED TEXT OF MEMORANDUM OF UNDERSTANDING TO TOKYO THIS WEEKEND AND EXPECTS TO RECEIVE AUTHORITY FOR AMBASSADOR TO SIGN WITHIN APPROXIMATELY 10 DAYS OF SUBMISSION.

6. ADVISE CONCURRENC TO PROPOSED CHANGES AND LANGUAGE IN PARA 2 AND 3 ABOVE.  
GODLEY

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\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* CONFIDENTIAL

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**To:** AID  
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